

Egypt E-Alert



REUTERS

Egypt housing project on track for 500,000 units

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A state project aiming to ease Egypt's housing shortage is on track to meet or exceed its goal of providing half a million homes by the end of next year, its chief official said on Wednesday.

The government is spending around 20 billion Egyptian pounds in direct and indirect subsidies on the National Housing Project, started as part of President Hosni Mubarak's 2005 election campaign, Mohamed Galal Sayed el-Ahl said.

The National Housing Project was finalizing the handover or had already delivered to customers a total of 303,000 housing units, Ahl told Reuters in an interview.

"We are in the process of building 215,000 units and, God willing, will finish them by the end of next year," he said.

Egypt's real estate sector has come through the global economic downturn relatively well, mostly thanks to strong local demand from its burgeoning population and a cash economy insulated from international credit markets.

But the country's tiny mortgage market and a lack of low-income housing expertise among many of Egypt's biggest developers has made it hard for the private sector to profit from the pent-up demand among the country's many poor.

Through the National Housing Project, the government sells land at discounts to private companies such as Orascom Development Holding and Nasr City Housing on the condition they use it to build low-income housing.

"We'll receive 100,000 units from private companies this year," Ahl said. "We will withdraw the land from those who don't finish by the end of the president's election program."

The ministry is carrying out studies to see if the program should be renewed after next year, when a presidential election is due, Ahl said. Mubarak, 82, has not yet said whether he will seek a sixth six-year term in 2011.

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